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*Office Memorandum* • UNITED STATES GOVERNMENT

TO : The Record

DATE: 28 January 1953

FROM : Organization and Methods Examiner

SUBJECT: Rebuttal Comments to Memorandum dated 16 January 1953 signed by Asst. Director, Office of Research and Reports Subject Comments on Staff Study on Economic Intelligence Initiation and Control throughout ORR, dated 15 January 1953.

1a. The staff study was prepared with a full understanding of the terms of reference for the Economic Intelligence Committee dated 29 May 1951. The comment is uncomprehensible as it is stated, but the implication is a failure to appreciate certain facts of EIC activity and administration of internal research. Both of these, however, have been fully understood as basic fundamentals which details would have bored the intended reader with superfluous knowledge which he already had in his possession.

1b. The comment of failure to recognize the difference in time factor between ephemeral support and the laying of foundation for long-range research is totally and wholly unjustified. Paragraph 4c page 2 of the subject study indicates that appreciation. It is extremely difficult to reconcile requests through the EDAC-IWG mechanism for reports such as "The Polish Coal Situation" as being ephemeral. This study took months rather than days to accomplish and encompassed all fields of economic intelligence across the board.

1c. Nowhere within the body of the staff study was specific mention made of the lack of definite responsibility of the Office of Chief of Research, or any reference to whether or not the problem lies within poor organizational structure or lack of position fulfillment, rather an attempt was made to look at the problem as a whole rather than piece-meal. The fact that the Asst. Director wears two hats was not considered significantly important to re-affirm as in fact he wears one more as Chairman of the EIC and perhaps others unknown to the submitters of this report.

1d. There has been no misunderstanding of the functions and duties of the Production Control Branch unless one can state that what they say they do and what they actually do constitutes a misunderstanding.

1e. It is regrettable indeed that the two-minute talk with the AD/RR was not arranged, however, up to the time the basic facts were being sought out and during review with the Chief of Coordination, this statement was correct.

2. Although the present organizational structure of ORR was approved on 14 August 1952, the staff study issued by this office

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dated 11 August 1952 stated that although the basic concept of administration reflected in the T/O should be commended, the following recommendations should be considered by the AD/RR and appropriate higher echelons:

a. DAD for Coordination to be located in the office of the AD to be responsible for planning and coordination of internal and external research and support activities (Note: This follows as a major responsibility of the proposed Chief, Coordination Staff.)

b. Basic Intelligence Division to stand alone on the organization chart with a direct dotted line to the Office of the Asst. Director (Note: With minor adjustment this principle was embodied within the staff study.)

c. EIC secretariat to operate under an executive secretary of sufficient stature and authority to carry out its mission with a direct line to the Office of the Asst. Director (Note: This general concept was included as a recommendation.)

d. Economic Defense Division to move under the direction of DAD for research (Note: With the exception of the creation of a EDAC-IWG secretariat, this move was recommended within the staff study.)

e. Reports Division to be a staff office under the DAD for research (Note: The staff study recommended creation of a staff office for the mission and major responsibilities of the Reports Division at a higher echelon than was recommended here by incorporating it into the Coordination Staff.)

3. It is extremely difficult for management specialists and classification people to work within an over-all scheme established when the scheme itself has not proven to be completely functional or organizationally sound. Preliminary work within ORR indicated the problems inherent in the present organization and asked on memo dated 8 December 1952 for the permission of the AD/RR to examine this problem in detail and to report to him our findings, this he concurred in. Additional concurrences were obtained by the Chief, Administration Staff, ORR and Chief, Reports Division, ORR which gives some credence to the fact that the organization was not functioning as efficiently or effectively as could be expected. The comment of the AD/RR that this study should be "laid on the table" gives some indication that contained within the framework of this study is food for future thought.

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Comments on Notations by AD/RR or Flow Charts.

1. Present Flow of EDAC-IWC.

The undersigned disagrees with "these are all quickies". It directs attention to the above comment on the "Polish Coal Situation."

2. Present Flow of EIC.

Substantive responsibility for producing within the framework of EIC is assigned by the CIA Chairman. The production of economic intelligence is a responsibility which must be accepted by a recommendation of the committee. In order to produce, one must of necessity perform research.

3. ORR Production of Special Research.

If the ONE-ORR liaison was changed, it was changed between the time of the preparation of this report and its submittal. Production assignment determination, however, is not being currently performed by D/R nor are any of the other penciled notations indicated as corrections.

4. ORR Basic Research.

It is completely elementary to understand that the AD/RR had a definite hand in the determination of the basic research program, however, it is significantly important to point out that the Division Chiefs were required to submit to the Program Analysis component of Economic Research not only what they considered as being required, but when they considered it should be accomplished and how long each project should take. The latter part of this flow diagram has been annotated as being true with the comment "True from here on but what's wrong with it?"; nothing's wrong with it, that was the way it was found to be.

GENERAL COMMENT.

It is significant to note that nowhere within the comments of the AD/RR was denied the main and prime factors which caused this study to be undertaken. Paragraph 2 of the covering memo dated 15 January 1953 which states "One of the primary considerations on which the recommendations were based was the confusion in the minds of the analytical personnel resulting from multiplicity of direction. These conflicting orders and resultant priority complications have been extremely detrimental to efficient productivity".

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